



# Senate

General Assembly

**File No. 257**

January Session, 2019

Substitute Senate Bill No. 273

*Senate, April 1, 2019*

The Committee on Higher Education and Employment Advancement reported through SEN. HASKELL of the 26th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING DEBT-FREE COLLEGE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2019*) (a) As used in this section:
- 2 (1) "Award" means (A) the unpaid portion, if any, of a qualifying  
3 student's eligible institutional costs after subtracting his or her  
4 financial aid, or (B) five hundred dollars, whichever is greater;
- 5 (2) "Eligible institutional costs" means the tuition and required fees  
6 for an individual student that are published by the regional  
7 community-technical college in which the student is enrolled,  
8 including the costs of tuition and required fees for summer courses.  
9 "Eligible institutional costs" does not include the costs for an intensive  
10 semester of remedial support or a transitional college readiness  
11 program, as described in subsections (c) and (d) of section 10a-157a of  
12 the general statutes;

13 (3) "Financial aid" means the sum of all scholarships, grants and  
14 federal, state and institutional aid received by a qualifying student.  
15 "Financial aid" does not include any federal, state or private student  
16 loans received by a qualifying student;

17 (4) "Qualifying student" means any person who (A) graduated from  
18 a public or nonpublic high school in the state not more than two years  
19 prior to enrolling at a regional community-technical college, (B) enrolls  
20 as a full-time student for the fall semester of 2020, or any semester  
21 thereafter, for the first time at a regional community-technical college  
22 and continues to be enrolled as a full-time student at a regional  
23 community-technical college, (C) is classified as an in-state student  
24 pursuant to section 10a-29 of the general statutes, (D) is making  
25 satisfactory academic progress while enrolled at a regional  
26 community-technical college and maintains a minimum cumulative  
27 grade point average of 2.5 each academic year, (E) has completed the  
28 Free Application for Federal Student Aid, (F) has an expected family  
29 contribution for educational costs, as computed from the student's Free  
30 Application for Federal Student Aid, of seven thousand five hundred  
31 dollars or less, and (G) has accepted all available financial aid; and

32 (5) "Full-time student" means a student who is enrolled at a regional  
33 community-technical college and who is carrying thirty or more credit  
34 hours in an academic year.

35 (b) Before the start of the fall semester of 2020, the Board of Regents  
36 for Higher Education shall establish a debt-free community college  
37 program to annually make awards to qualifying students for eligible  
38 institutional costs. An award shall be available to a qualifying student  
39 for the first sixty credit hours, with the exception of remedial credit  
40 hours, earned by the qualifying student during the first twenty-four  
41 months that such student is enrolled at a regional community-technical  
42 college, provided the qualifying student meets and continues to meet  
43 the requirements of this section.

44 (c) Before the start of the fall semester of 2020, and each semester  
45 thereafter, each regional community-technical college shall conduct a

46 financial and academic audit to determine the number of qualifying  
47 students enrolled at the regional community-technical college during  
48 each semester, the total number of credit hours each qualifying student  
49 has earned while enrolled at the regional community-technical college  
50 and the amount of the award to be made to each qualifying student  
51 under this section. A regional community-technical college shall not  
52 use an award to supplant any state or institutional aid otherwise  
53 available to a qualifying student. The amount of the annual  
54 appropriation to be allocated to each regional community-technical  
55 college for the debt-free community college program shall be the sum  
56 of all awards made to qualifying students enrolled at the regional  
57 community-technical college for each semester during the prior fiscal  
58 year. If the sum of all awards made to qualifying students exceeds the  
59 amount of the annual appropriation for the debt-free community  
60 college program in any year, the Board of Regents for Higher  
61 Education shall give priority in its allocations to the payment of  
62 eligible institutional costs over minimum awards and in accordance  
63 with criteria developed by the board. Not later than September first  
64 and February first, annually, each regional community-technical  
65 college shall report the sum of all awards made to qualifying students  
66 and the results from the financial and academic audit each semester to  
67 the Board of Regents for Higher Education. Each regional community-  
68 technical college shall expend all of the moneys received under the  
69 debt-free community college program as direct financial assistance  
70 only for eligible institutional costs.

71 (d) Not later than January 1, 2021, and annually thereafter, the  
72 Board of Regents for Higher Education shall report, in accordance with  
73 the provisions of section 11-4a of the general statutes, to the joint  
74 standing committees of the General Assembly having cognizance of  
75 matters relating to higher education and employment advancement  
76 and appropriations regarding the debt-free community college  
77 program.

78 Sec. 2. (NEW) (*Effective July 1, 2019*) The month of January in each  
79 year shall be known as "FAFSA Month". On or before January 1, 2020,

80 the Board of Regents for Higher Education shall implement a program  
81 to host events for high school seniors and their families in each region  
82 of the state throughout the month of January in each year. During such  
83 events the board shall provide assistance to the high school seniors  
84 and their families in completing the Free Application for Federal  
85 Student Aid with the goal of increasing the number of such  
86 applications made by state residents each year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	New section
Sec. 2	<i>July 1, 2019</i>	New section

**HED**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

## OFA Fiscal Note

### State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$	FY 22 \$
Board of Regents for Higher Education	GF - Cost	None	3.7 million to 4.1 million	5.7 million to 6.5 million
Board of Regents for Higher Education – Community colleges	Tuition Fund - Revenue Gain	None	2.9 million to 6.2 million	4.7 million to 9.9 million
Board of Regents for Higher Education – State universities	Tuition Fund - Revenue Loss	None	369,600 to 1.6 million	600,000 to 2.6 million

Note: GF=General Fund

### Municipal Impact: None

### Explanation

The bill, which requires the Board of Regents to establish a program for grants to eligible community college students beginning in fall 2020, is estimated to cost: (1) \$3.7 million to \$4.1 million in FY 21, and (2) \$5.7 million to \$6.5 million in FY 22. The program results in additional tuition and fees revenue to the community colleges and a revenue loss to the Connecticut State Universities.

**Grant costs.** It is estimated the grants will require: (1) \$3.7 million to \$4.1 million in FY 21, when only students new to a community college (i.e., first-time freshmen) are eligible, and (2) \$5.7 million to \$6.5 million in FY 22, when the grant can be received by both continuing recipients (sophomores) and students new to a community

college (first-time freshmen). The grant covers the amount of tuition and fees that is not paid by other grants (i.e., unmet need), or is \$500 for students whose unmet need is less than \$500 (including students who have no unmet need because other grants entirely pay tuition and fees). The bill specifies that if grant distributions would otherwise exceed the appropriation, the Board of Regents will prioritize allocations to students whose unmet need is at least \$500.

It is anticipated that the number of students receiving grants will range from 5,151 to 5,854 in FY 21, and from 8,036 to 9,132 in FY 22. Most grant recipients (an estimated 90 percent) will be students receiving \$500 program grants because their unmet need is equal to or less than \$500 (including those for whom other grants entirely cover tuition and fees).

This estimate, as well as the revenue impacts described below, was developed using fall 2017 data on the estimated number of grant-eligible students and the calculated grants they would have received, had the program been in place. Increases in eligible students of between 10 and 25 percent were included, after accounting for annual full-time student enrollment changes of -3.3 percent (based on the actual such change between FY 18 and FY 19). The increases in eligible students are due to research indicating an enrollment increase of at least 10 percent is likely when a statewide need-based grant covering tuition and fees begins. Similar last-dollar grant programs in other states with less restrictive or no financial criteria (Oregon and Rhode Island) have yielded total full-time, recent high school graduate enrollment increases at community colleges of between 25 and over 50 percent.<sup>1</sup> As this grant has more restrictive criteria, with both an Expected Family Contribution limit and a requirement that recipients attend full-time, a lower enrollment increase is anticipated.

The estimate also assumes: (1) historically typical tuition and fees

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<sup>1</sup> No additional increase from Year 1 of the scholarship (FY 21) to Year 2 (FY 22) is included, based on recent data from the last-dollar Promise programs in Oregon and Tennessee.

increases of 2.5 percent annually will continue in future years; (2) among students receiving a grant of more than \$500, the grant will continue to cover the same share of tuition and fees (i.e., grow with tuition and fees); and (3) a freshman-to-sophomore year retention rate of 56 percent (applied to the number of FY 21 freshmen recipients, to produce the number of sophomore recipients in FY 22), based on recent retention rates for a group of similar Connecticut community college students.

**Tuition and fees revenue impacts.** The increase in community college students is anticipated to generate additional tuition revenue for that constituent unit, totaling \$2.9 million to \$6.2 million in FY 21 and \$4.7 million to \$9.9 million in FY 22. This figure includes: (1) tuition revenue from all sources: the grants established under the bill, the federal Pell grant, students and their families, loans, etc., and (2) community college tuition and fees increases of 2.5 percent, the recent annual change, in each of FY 21 and FY 22.

A portion of the revenue gain to the community colleges will be experienced by the state universities as a revenue loss, based on other states' experiences. The level of state universities' revenue loss in Connecticut is not anticipated to reach that in other states because the grants established by the bill will have fewer potential qualifying students, due to the income limit. State universities' tuition and fees revenue loss is estimated at \$369,600 to \$1.6 million in FY 21 and \$600,000 to \$2.6 million in FY 22, assuming: (1) five to ten percent of the new community college enrollments would have otherwise attended a state university; and (2) state university average tuition and fees rise 4.0 percent annually. To the extent that any of these students would have lived on-campus and purchased a meal plan, had they attended a state university, there would be additional revenue losses.

It is anticipated that tuition and fees revenue at the University of Connecticut will be unaffected, based on other states' experiences with similar programs.

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To the extent that qualifying students transfer to or start college at a

Connecticut community college in lower or higher numbers than anticipated, grant program costs and the community college revenue gain will decline or increase (respectively) beyond the estimate.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation in tuition and fees, changes in the constituent units' financial aid package strategies, changes in the number of eligible students, changes in Pell Grant and Roberta Willis Scholarship funding levels and/or distribution methods, and qualifying students' decisions on whether to attend a constituent unit instead of a private institution.

Over the longer-term, based on other states' experiences with need-based scholarships, it is likely grant costs would rise considerably as: (1) tuition and fees, along with unmet need, increase, (2) more qualifying students choose to attend or transfer to a constituent unit college or university to save money, and (3) more students are aware of the grant. For example, the Oregon Promise scholarship for community college students cost approximately \$12 million in its first year (FY 17), which was \$2 million above projections, and is anticipated to cost approximately \$20 million annually in the program's second and third years.

Sources: "First-year Promise Performance Update," Community College of Rhode Island, <http://www.ccri.edu/president/PromiseUpdate.html>  
"In First Year of R.I. Promise, Retention Rate Increases," Kevin G. Andrade, *Providence Journal*, Oct. 2, 2018.  
"Oregon State Grants: Oregon Opportunity Grant and Oregon Promise," Juan Baez-Arevalo, Feb. 20, 2017 presentation.  
"Senate Bill 81 Legislative Report: The First Term of the Oregon Promise," Higher Ed. Coordinating Commission, Dec. 2016.  
"Tennessee Promise Annual Report 2017," Tenn. Higher Ed. Commission & Tenn. Student Assistance Corp.  
"Tennessee Promise Annual Report 2018," Tenn. Higher Ed. Commission & Student Assistance Corp.  
Financial aid information provided by CSCU  
Perna, Laura, "Understanding College Promise Programs," June 2016, [www.collegepromise.org](http://www.collegepromise.org)

**OLR Bill Analysis****sSB 273*****AN ACT CONCERNING DEBT-FREE COLLEGE.*****SUMMARY**

This bill requires the Board of Regents for Higher Education (BOR) to establish before the start of the fall 2020 semester a debt-free community college program that annually awards certain recent high school graduates who enroll as first-time, full-time regional community-technical college students with (1) the unpaid portion of the published tuition and fees for two consecutive academic years (i.e., tuition and fee costs, minus scholarships, grants, or other institutional aid awarded to the student) or (2) a \$500 grant, whichever is greater. Awards under this program apply to the first sixty non-remedial credit hours earned by a student in the first 24 months of community college enrollment.

The bill establishes student eligibility requirements for the program along with program-related administrative duties and reporting requirements for BOR and the regional community-technical colleges.

Additionally, the bill designates January as “FAFSA month” and requires BOR to implement an annual program, by January 1, 2020, to host events for high school seniors and their families to provide assistance with completing their Free Application for Federal Student Aid (FAFSA) with the goal of increasing the number of applications submitted by Connecticut residents each year. (Prospective higher education students must submit their FAFSA forms to the U.S. Department of Education in order to be considered eligible for federal student financial aid.)

EFFECTIVE DATE: July 1, 2019

**STUDENT ELIGIBILITY REQUIREMENTS**

Under the bill, a student must meet various requirements to be eligible to receive an award under the debt-free community college program. These requirements relate to (1) enrollment timing and status, (2) in-state student classification, (3) academic progress during enrollment, and (4) financial need. Students must meet these eligibility requirements for the duration of their first 24 months of community college enrollment.

***Enrollment Timing and Status***

To be eligible for the program's award under the bill, a student must have graduated from a public or private Connecticut high school within two years prior to first-time enrollment at a community college. Enrollment may commence in fall 2020 or any semester thereafter and must continue on a full-time basis, which the bill defines as carrying at least 30 credit hours over the course of an academic year, including summer sessions. The program does not apply to remedial support or college readiness programs.

***In-state Student Classification***

The bill requires students to be classified as in-state students. By law, with limited exceptions, eligibility for in-state student classification is based on an applicant's domicile, which is his or her "true, fixed, and permanent home" and the place where he or she intends to remain and return to upon leaving (CGS §§ 10a-28 & 10a-29).

***Academic Progress***

Under the bill, qualifying students must maintain a minimum 2.5 grade point average each academic year and make satisfactory academic progress while enrolled. (Presumably, "satisfactory academic progress" refers to academic performance that allows the student to maintain enrollment in his or her degree program.)

***Financial Need***

The bill requires eligible students to complete the FAFSA and accept

all available financial aid that is not in the form of a federal, state, or private student loan. Additionally, the bill extends eligibility to only those students whose expected family contribution toward educational costs does not exceed \$7,500 as determined from FAFSA computations.

### **ADMINISTRATIVE PROGRAM REQUIREMENTS**

The bill outlines the type of administrative audits the community colleges must perform to assist the BOR's process for allocating award funding to the institutions. Additionally, it establishes expenditure requirements for the colleges and imposes legislative reporting requirements on BOR.

#### ***Audits***

Under the bill, community colleges must conduct a financial and academic audit before the start of the fall 2020 semester and each semester thereafter. These audits must determine the following:

1. number of qualifying students enrolled during the semester,
2. total number of credit hours each qualifying student earned while enrolled (COMMENT), and
3. award amount to be made to each eligible student.

The bill requires each community college to annually report to BOR each semester's audit results, and total awards made to qualifying students. Such reports must be submitted by September 1st and February 1st each year.

#### ***Allocations to Community Colleges***

BOR allocates annual award amounts to the community colleges under the bill. Each college's annual allocation must equal the sum of all awards made to eligible students enrolled at the college for each semester during the prior fiscal year. If, in any given fiscal year, the award total is greater than the amount appropriated for the award program by the General Assembly, then BOR must prioritize its institutional allocations for students who have unmet need for tuition and fees over students whose eligibility is limited to the minimum

\$500 grant. BOR may also prioritize allocations under these circumstances using criteria it has developed.

### ***Allocation Expenditure and Non-supplant Requirements***

The bill requires the community colleges to spend all award allocations on direct student financial assistance, specifically to cover tuition and fees. Additionally, it prohibits the colleges from using their award allocations to supplant any state or institutional aid that is otherwise available to eligible students.

### ***Reporting Requirement***

Under the bill, BOR must annually report to the Appropriations and Higher Education and Employment Advancement committees about the debt-free community college program starting by January 1, 2021.

## **BACKGROUND**

### ***Related Bill***

sHB 7161, favorably reported by the Higher Education and Employment Advancement Committee, establishes a similar program that awards students the cost of tuition and fees for the final half of the credit hours required to earn an associate or bachelor's degree.

## **COMMENT**

### ***Initial Financial and Academic Audit***

The bill requires the community colleges to conduct an initial financial and academic audit of eligible students prior to the fall 2020 semester. Such an audit would not be able to determine the total number of credit hours each qualifying student earned while enrolled, since the semester will not have begun. Therefore, data for this audit would be incomplete, and BOR would be unable to share information with the General Assembly necessary for calculating a state appropriation for the program's first year.

## **COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 14 Nay 8 (03/12/2019)